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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re

LEHMAN BROTHERS HOLDINGS INC., et al.,

Debtors.

x
: **Chapter 11**
:
: **Case No. 08-13555 (JMP)**
:
: **Jointly Administered**
x

DECLARATION OF JAMES VARLEY

I, James Varley, pursuant to 28 U.S.C. § 1746, declare under penalty of perjury under the laws of the United States of America that the following is true and correct.

1. I have personal knowledge of each of the facts stated in this Declaration, except for those facts stated on information and belief and, as to those facts, I am informed and believe them to be true. I submit this declaration in support of the objection (the "Objection") to the Debtors' Motion for an Order Pursuant to Section 365 of the Bankruptcy Code Approving the Assumption or Rejection of Open Trade Confirmations (the "Debtors' Motion").

2. I am an authorized representative of Field Point IV S.à.r.l. ("Field Point") and BDF Limited ("BDF" and, together with Field Point, "Field Point/BDF"), two of the counterparties that

filed the Objection.

3. On July 14, 2008 Field Point IV S.à.r.l. ("Field Point") and BDF Limited ("BDF" and, together with Field Point, "Field Point/BDF") entered into separate LMA distressed trade confirmations with LCPI to purchase certain loans made to Pertus Sechzente GmbH (the "Field Point/BDF Distressed Confirmations").

4. On August 4, 2008, Field Point/BDF entered into two additional LMA par trade confirmations with LCPI to purchase certain loans made to Pertus Sechzente GmbH (the "Field Point/BDF Par Confirmations" and, together with the Field Point/BDF Distressed Confirmations, the "Field Point/BDF Confirmations").

5. On August 4, 2008, Field Point and BDF entered into two additional LMA trade confirmations with LCPI to purchase certain loans made to Pertus Sechzente GmbH (the "August 4 Field Point/BDF Confirmations" and, together with the July 14 Field Point/BDF Confirmations, the "Field Point/BDF Confirmations"). Attached as Exhibit C to the Objection are redacted copies of the Field Point/BDF Confirmations.

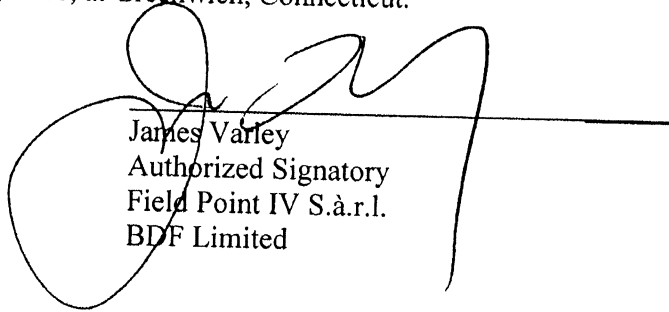
6. On information and belief, LCPI indicated, through words and conduct, to Field Point/BDF that it did not intend to perform its obligations under the Field Point/BDF Confirmations and to take all necessary action to settle the Field Point/BDF Confirmations as soon as reasonably practicable. Field Point/BDF made numerous inquiries by telephone and e-mail to inquire as to the status the Field Point/BDF Confirmation and to seek assurances that LCPI intended to perform its obligations thereunder. Notwithstanding these multiple inquiries, on information and belief, LCPI

refused to confirm with Field Point/BDF that it intended to settle these trades but instead advised that it would no longer be processing open trades because it lacked authority to do so. This was the case even though LCPI had not yet filed its petition for relief under the Bankruptcy Code.

7. Following weeks of LCPI's failure to provide Field Point/BDF with any assurances that LCPI intended to settle the Field Point/BDF Confirmations and clear communications from LCPI that it would not settle the trades, Field Point/BDF delivered separate letters to LCPI dated September 30, 2008 (the "Field Point/BDF Termination Letters") in which Field Point/BDF confirmed their prior willingness to settle the applicable trades and advised LCPI that it accepted LCPI's repudiations as of September 30, 2008 (prior to the commencement of LCPI's bankruptcy proceeding) and that the Field Point/BDF Confirmations were terminated. Attached as Exhibit E to the Objection are redacted copies of each of the Field Point/BDF Termination Letters.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on November 26 2008, at Greenwich, Connecticut.



James Varley
Authorized Signatory
Field Point IV S.à.r.l.
BDF Limited